

**Introduced by Senator Aanestad**

February 20, 2003

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An act to amend Section 97.31 of the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 410, as introduced, Aanestad. Educational Revenue Augmentation Fund: counties.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992-93 and 1993-94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education. Notwithstanding these allocation reduction provisions, existing property tax law also allows an eligible

county, as defined, to decrease its reduction in property tax revenues in accordance with a specified formula.

This bill would clarify that the decrease in the reduction in property tax revenues allowed to eligible counties is permanent.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 97.31 of the Revenue and Taxation  
2 Code is amended to read:

3 97.31. (a) (1) The Director of Finance may direct the county  
4 auditor to *permanently* reduce the amount of the transfer to the  
5 Educational Revenue Augmentation Fund determined pursuant to  
6 subdivision (a) of Section 97.3 for any eligible county in  
7 accordance with subdivision (b) of this section, and also shall  
8 *permanently* reduce the amount of that transfer for certain counties  
9 in accordance with subdivision (c). The total amount of the  
10 reductions for all counties that may be authorized pursuant to  
11 subdivision (b)—~~shall~~ *may* not exceed two million dollars  
12 (\$2,000,000).

13 (2) For purposes of this section, an “eligible county” is a  
14 county with a population of less than 350,000, as reported in the  
15 1990 federal census that had a fire element of the tax bill in  
16 1977–78, that continues to fund some portion of those costs from  
17 the county general fund in 1993–94, and that provides these  
18 services in the same manner as a special district less than  
19 countywide and has so indicated in the Controller’s Report on  
20 Financial Transactions Concerning Counties.

21 (b) (1) For each eligible county, the county auditor may submit  
22 the following information to the Director of Finance not later than  
23 November 1, 1993:

24 (A) The amount of property tax allocated to the county fire  
25 district in the 1977–78 fiscal year.

26 (B) The amount allocated from the county budget to the county  
27 fire district in the 1978–79 fiscal year.

28 (C) The amount of property tax reduction for the county fire  
29 district attributable to the passage of Article XIII A of the  
30 California Constitution by the voters in the primary election in  
31 June 1978.

(D) The amount of money allocated from the county budget to the county fire district in the 1993–94 fiscal year.

(E) The amount allocated to the county fire district from the Special District Augmentation Fund in the 1992–93 fiscal year.

(2) For each eligible county that submits to the Director of Finance by November 1, 1993, the information described in paragraph (1), the Director of Finance shall make the following calculations:

(A) Multiply the amount of property tax allocated to the county fire district in the 1977–78 fiscal year by the change in the value of the property tax base for the county from the 1977–78 fiscal year to the 1978–79 fiscal year.

(B) Subtract the amount reported pursuant to subparagraph (C) of paragraph (1) from the amount determined pursuant to subparagraph (A).

(C) Multiply the amount determined pursuant to subparagraph (B) by an amount determined by the Director of Finance to be the change in assessed value for the county from the 1978–79 fiscal year to the 1993–94 fiscal year.

(D) Multiply the amount reported pursuant to subparagraph (E) of paragraph (1) by 1.038.

(E) Add the amount determined pursuant to subparagraph (C) to the amount determined pursuant to subparagraph (D).

(F) Subtract the amount determined pursuant to subparagraph (E) from the amount reported pursuant to subparagraph (D) of paragraph (1).

(3) The Director of Finance shall determine the sum of all the amounts determined pursuant to subparagraph (F) of paragraph (2).

(4) If the sum determined pursuant to paragraph (3) is greater than two million dollars (\$2,000,000), then the Director of Finance shall proportionately reduce the amount for each county so that the total of the amounts for all counties does not exceed two million dollars (\$2,000,000). If the sum determined pursuant to subdivision (e) does not exceed two million dollars (\$2,000,000), then the Director of Finance shall not reduce the amount determined for each county.

(5) The Director of Finance shall by January 15, 1994, notify each county of its reduction in the amount to be transferred to the Educational Revenue Augmentation Fund pursuant to subdivision

1 (a) of Section 97.3. The maximum amount of the reduction that  
2 may be authorized pursuant to this subdivision is one-half the  
3 amount determined pursuant to subparagraph (F) of paragraph (2).  
4 (c) The amount to be transferred from a county to an  
5 Educational Revenue Augmentation Fund pursuant to subdivision  
6 (a) of Section 97.3 shall be reduced by one hundred thousand  
7 dollars (\$100,000) for the County of Madera and by two hundred  
8 thousand dollars (\$200,000) for the County of Tulare.

